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INFO RUEHZL/EUROPEAN POLITICAL COLLECTIVE PRIORITY
RUEHKW/AMCONSUL KRAKOW PRIORITY 1526
RUCPDO/DEPT OF COMMERCE WASHINGTON DC PRIORITY
RHEBAAA/DEPT OF ENERGY WASHINGTON DC PRIORITY
RUEATRS/DEPT OF TREASURY WASHDC PRIORITY

C O N F I D E N T I A L WARSAW 000121

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STATE FOR S/P, EUR/NCE, EUR/ERA, EB/ESC
EUR FOR DAS PEKALA AND DAS BRYZA
EUR/NCE FOR DKOSTELANCIK AND BPUTNEY
EUR/ERA FOR DLIPPIATT AND LCATIPON
EB/ESC FOR SGALLOGLY, JLEWANDOWSKI, RGARVERICK
S/P FOR SHELLMAN AND GMANUEL
COMMERCE FOR 4232/ITA/MAC/EUR/OECA JBURGESS, JKIMBALL,
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TAGS: [ENRG](#) [EPET](#) [PL](#) [SO](#) [RS](#) [PREL](#)
SUBJECT: POLES WILL PURSUE TRANSPETROL STAKE

REF: WARSAW 86

Classified By: Econ Counselor R. Rorvig, reasons 1.4 b and d

11. (C) Summary. Polish oil pipeline operator PERN will make a last ditch effort to negotiate a deal with Yukos International to purchase its share of Transpetrol in Slovakia. The GOP fully supports PERN's efforts, as control of Transpetrol by a non-Russian entity is a major energy security goal. If PERN can negotiate a deal with Yukos International, the company believes it will require USG assistance to convince the government of Slovakia to approve the deal. End Summary.

12. (C) Marcin Jastrzebski, board member of state owned oil pipeline operator PERN, told Econoff that he is very serious about concluding a deal with Yukos International to purchase its share of Transpetrol in Slovakia. He believes that it makes good business sense and that he can justify the purchase on business principles. Jastrzebski previously saw the Yukos-Rosneft contract and believes he can reach a similar agreement with Yukos. His major concern is that Yukos will not negotiate a contract without some sign that the GOS will agree to it. Jastrzebski asked that the USG consider ways to work with the GOP to develop a plan to convince the Slovakian government to support the purchase if PERN can negotiate a deal with Yukos.

13. (C) According to Jastrzebski, the GOP is behind the possible deal 100%. Energy Czar Naimski previously told us that gaining control of the Transpetrol stake was his most important energy security priority - more important than PKN Orlen's purchase of the Mazeikiu refinery in Lithuania. The entire GOP, including PM Kackzynski and President Kaczynski, support the purchase for political reasons. The GOP believes that if it can purchase the Transpetrol stake there will be a different energy security situation in the region. The GOP is worried that if Russia or a Russian entity gains control of Transpetrol it will reverse the pipeline into the Czech Republic, then ship Azeri crude via Brody-Odesa into Ukraine. With some minor investments in other projects the Russians will basically be able to cut out oil deliveries through Poland. The Transpetrol purchase by Poland will improve the GOP's energy security and negotiating position with Russia.

¶4. (C) Jastrzebski is slightly concerned that the GOP has forgotten or will ignore the fact that PERN still must fulfill the business requirements to complete a deal. That being said, he's ready and willing to negotiate a contract with Yukos. He already has a signed confidentiality agreement with Yukos and is using their lawyers as it will speed up the process. He also spoke to the Szwechat refinery about joining in the purchase and while at first they were interested, now they will support PERN's efforts.

¶5. (C) Jastrzebski foresees a timetable in which PERN would sign a contract with Yukos in early February in order to get the deal approved by the GOS before their option to do so expires in April. He is slightly concerned about getting the due diligence for the purchase done in a timely fashion. Therefore, he believes the PERN board may have to approve the deal before the due diligence can be completed as the process would take 1-1/2 months if the project were in Poland, and more in Slovakia.

¶6. (C) Comment: PERN's purchase of the Transpetrol stake in Slovakia from Yukos International would be a major political triumph for the GOP as they have pursued this goal since last summer. PERN realizes that this last-ditch effort may result in failure, but believes control of Transpetrol by a non-Russian entity is important enough to make one final attempt. The GOP may request U.S. assistance in convincing the government of Slovakia that the deal is in Slovakia's best interests.

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